IN THE UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

In re:	§	Chapter 15
	§	
ARCHER LIMITED,[1]	§	Case No. 17-33103
	§	
Debtor in a foreign proceeding.	§	
	§	

DECLARATION OF MAXIME BOUTHILLETTE IN SUPPORT OF VERIFIED PETITION FOR RECOGNITION OF FOREIGN MAIN PROCEEDING AND GRANTING RELATED RELIEF

I, Maxime Bouthillette, hereby declare under penalty of perjury as follows:

1. I submit this declaration in support of the *Verified Petition for Recognition of Foreign Main Proceeding and Granting Related Relief* (together with the form petition filed concurrently therewith, the "Verified Petition").[2]

2. I am the President Western Hemisphere, General Counsel, and Executive Vice President of Archer Limited (the "Debtor"). The Debtor is an exempted limited company incorporated under the laws of Bermuda. The Debtor's registered office is located at 4th Floor, Par-la-Ville Place, 14, Par-la-Ville Road, Hamilton HM08, Bermuda. The Debtor is the parent company of a group of subsidiaries (together with the Debtor, the "Group") that operate in the global oilfield services industry. The Debtor is a publicly traded company whose shares trade on Oslo Børs in Norway.

3. On May 3, 2017, the Debtor applied to the Bermuda Court for an order directing it to convene a meeting in respect of the Scheme (the "Scheme Meeting") for a single class of creditors only - namely, the Scheme Creditors under the Scheme.

---

[1] The "Debtor" in this chapter 15 case as defined in 11 U.S.C. § 1502(1) is Archer Limited and the Debtor's Bermuda Company Registration Number is 40612. The Debtor's registered offices are located at 4th Floor, Par-la-Ville Place, 14, Par-la-Ville Road, Hamilton, Bermuda HM08.

[2] All capitalized terms used but not defined herein shall have the meaning ascribed to them in the Verified Petition.

4. On May 12, 2017, the Bermuda Court entered the order directing it to convene a meeting (the "Convening Court Order"), a copy of which is attached hereto as **Exhibit "A**." Pursuant to the Convening Court Order, the Scheme Meeting will be held on May 30, 2017 at 10:00 a.m. Oslo time at the offices of Seatankers Management A/S, Bryggegata 3, 0250 Oslo, Norway. A copy of the proposed Explanatory Statement, with the Scheme included as an appendix, is attached hereto as **Exhibit "B**."

5. On April 27, 2017, the Debtor appointed me to act as "foreign representative" for purposes of filing for chapter 15. Attached hereto as **Exhibit "C"** is a true and correct copy of the Board Minutes of the Debtor appointing me as the Foreign Representative. Additionally, the Convening Court Order likewise appoints me to act as Foreign Representative in this chapter 15 proceeding. Accordingly, I am the Foreign Representative of the Debtor and authorized to file the Verified Petition under chapter 15 of the Bankruptcy Code.

6. This declaration provides an overview of the circumstances that led to the commencement of the Bermuda Proceeding. Except as otherwise indicated herein, the statements in this declaration are based on my personal knowledge, on information provided to me by members of the Debtor's management and its advisors, or my opinion based on my experience, knowledge, and information concerning the Debtor's operations and financial condition. I am authorized to submit this declaration on behalf of the Debtor, and, if called upon to testify, I could and would testify competently to the facts set forth herein.

I. Background

A. Introduction to the Debtor

7. The Debtor is the parent company of a group of subsidiaries that operate in the global oilfield services industry. The Debtor is a publicly traded company whose shares trade on Oslo Børs in Norway.

8. The Group's services include: (i) platform drilling, predominately located in the North Sea; (ii) land drilling, predominately in South America; and (iii) engineering services covering detailed design, construction, commissioning, maintenance, intervention, plugging and abandonment, and decommissioning of drilling facilities. The Group collectively employs approximately 5,000 people and operates in 40 locations over 19 countries.

B. The Debtor's Capital Structure.

9. The Debtor is a borrower under a Secured Multicurrency Term and Revolving Facility Credit Agreement between, among others, the Debtor, the Agent, and the Scheme Creditors, dated as of November 11, 2010, as the same has been amended and restated on various dates thereafter (as further defined and described in the Scheme and Explanatory Statement, the "Existing Facility Agreement"). The aggregate lending commitments under the Existing Facility Agreement are $601,750,000. The Existing Facility Agreement is guaranteed by certain subsidiaries of the Debtor, including subsidiaries that are based, and have assets located, in the United States. As of April 28, 2017, the total aggregate commitments available under the Existing Facility Agreement had been drawn.

10. The Existing Facility Agreement is secured by liens on various assets of the Group, and includes share pledges over direct subsidiaries of the Debtor, an assignment of intercompany debts, a debenture granted by Limay Drilling Rigs Limited, a member of the Group, and security agreements governed by the laws of the United States executed by each subsidiary guarantor incorporated in the United States. The security is granted by the Debtor and subsidiary guarantors to the Agent for the benefit of the Scheme Creditors.

11. Beginning on May 11, 2017, the Debtor is required to make quarterly repayment installments of $25 million on the Existing Credit Facility. Scheme Creditors representing 94.275% in value of the amounts outstanding under the Existing Facility

Agreement (collectively, the "Consenting Lenders") have agreed, among other things, to defer their entitlement to the repayment installment due on May 11, 2017 pursuant to a Lock-up Agreement entered into by the Debtor, the Consenting Lenders, and the Agent.[3] As set forth in the Lock-up Agreement, the Consenting Lenders and Agent have further agreed to, among other things, promptly take all actions to support, facilitate, implement, consummate or otherwise give effect to the Scheme, including voting in favor of any matter or proposal which is necessary or desirable to support, facilitate, implement, consummate or otherwise give effect to Scheme.

12. Archer Topaz Limited, a wholly owned subsidiary of the Debtor, is the sole borrower under that certain Credit Facility Agreement with BNP Paribas Fortis SA/NV, as lender (the "Archer Topaz Facility"). As of April 28, 2017, the equivalent of € 23.7 million was outstanding under the Archer Topaz Facility. It is anticipated that, independent from the Scheme, the Archer Topaz facility will be amended as described in the Explanatory Statement.

13. The Debtor, together with Archer Norge AS, is a borrower under the Secured Danske Bank Overdaft Facility Agreement. In addition, Archer Well Company Inc. is the borrower under the secured DNB Overdraft Facility Agreement (together with the Dankse Bank Overdraft Facility Agreement, the "Overdraft Facility Agreements"). The overdraft limit under each Overdraft Facility Agreement was $41.7 million. As of April 28, 2017, the Group had not drawn any amounts under the Danske Bank Overdraft Facility Agreement and the DNB Overdraft Facility Agreement. Pursuant to the Amendment and Restatement Agreement, the Overdraft Facility Agreements will be cancelled on the Restructuring Effective Date.

[3] The Debtor did pay the proportionate share of the $25 million owed to the Scheme Creditor that has not entered into the Lock-up Agreement. The payment was for approximately $1.5 million plus interest.

14. The Company's other indebtedness, including indebtedness to trade creditors, will not be impacted by the Scheme.

II. Events Leading to the Bermuda Proceeding.

A. Reason for Restructuring

15. The recent decline in oil prices and low oil price environment are having a significant negative impact on the Group's revenues, liquidity and available cash resources. This situation has been exacerbated by the Group's level of debt and the significant cash resources required for servicing the interest on this debt, as well as significant capital expenditure required for development assets. The Group has undertaken a number of measures to mitigate the impact of the low oil price environment and to address a working capital shortfall. However, the Debtor believed that a longer term solution is needed to strengthen the Group's liquidity position and reduce the burden of the Group's debt service obligations on its business.

16. Accordingly, in May, 2016, the Debtor began a process of extensive negotiations with its relevant stakeholders (including the Consenting Lenders and the Agent) in order to address these issues. As a result of these negotiations and following an exhaustive consideration of alternative options, including potential asset sales, sales of equity, and refinancing of outstanding indebtedness, the Debtor has announced the Restructuring, of which the Scheme is an integral part.

B. The Bermuda Proceeding

17. The Debtor applied to the Bermuda Court on May 3, 2017 for an order directing it to convene the Scheme Meeting for a single class of creditors only - namely, the Scheme Creditors under the Scheme. The Scheme Creditors are the only creditors whose claims will be compromised by the Scheme. The purpose of the proposed Scheme Meeting is to consider and, if appropriate, approve the Scheme.

18. On May 12, 2017, the Bermuda Court issued the Convening Court Order. Pursuant to the Convening Court Order, the Scheme Meeting will be held on May 30, 2017 at 10:00 a.m., Oslo time, at the offices of Seatankers Management A/S, Bryggegata 3, 0250 Oslo, Norway. A notice of the Scheme Meeting was distributed to Scheme Creditors and the Agent.

19. The Convening Court Order, among other things, also: (i) declares that the Petitioner is authorized to act as foreign representative in respect of any Chapter 15 proceeding; (ii) confirms and approves the form of the documents to be sent to the Scheme Creditors; and (iii) sets the date, time and location of the Scheme Meeting at which Scheme Creditors will consider and can object to the proposed Scheme. The proceeding in Bermuda is the only foreign proceeding currently pending with respect to the Debtor.

C. Ancillary Restructuring Transactions

20. The Scheme will be implemented alongside a wider "Restructuring" of the Group's indebtedness. This will include the cancellation, on or before the Restructuring Effective Date, of the Overdraft Facility Agreements and the DNB Guarantee Facility. In addition, the Archer Topaz Facility will be amended as described in the Explanatory Statement.

III. Commencement of the Chapter 15 Proceeding and the Debtor's Connections to the United States

21. Certain of the Debtor's subsidiaries are incorporated in the United States, including Archer Well Company Inc., a guarantor under the Existing Facility Agreement. In addition, the Debtor has employees and direct and indirect interests in property located, and conducts business through its subsidiaries, in the United States. Among such assets are assets of the Debtor's subsidiaries that are pledged as collateral to secure obligations under the Existing Facility Agreement. The Group's United States business activities include substantial business conducted at facilities in Houston and Conroe, Texas. Critical

employees of the Debtor (and employees and contractors of subsidiaries of the Debtor) are based in the Houston, Texas metropolitan area. Specifically, I am the Debtor's President Western Hemisphere, General Counsel, and Executive Vice President. I reside in The Woodlands, Texas and work from the Group's Houston office. Lastly, the Debtor's assets in the Southern District of Texas include cash in the amount of approximately $20,000 currently on deposit in an Andrews Kurth Kenyon LLP client trust account.

22. The purpose of recognition of the Bermuda Proceeding and approval of the Scheme in the United States is to ensure that Scheme Creditors or other parties do not take action against the Group's assets in the United States in contravention of the Scheme.

IV. The Debtor's Connections with Bermuda

23. I understand from counsel that an important consideration for a company seeking the protections of chapter 15 of the Bankruptcy Code is whether the company's foreign insolvency proceedings are located in its center of main interests ("COMI"). As described below, the Debtor has several significant connections to Bermuda. Therefore, I believe that the COMI for the Debtor is Bermuda.

24. The Debtor's registered office is located in Bermuda. The Debtor's corporate records of account are physically maintained in Bermuda. While the Debtor's directors and executive officers are dispersed throughout the world, the Debtor holds its regular board meetings and annual shareholder meetings in Bermuda, and Bermuda is the residence of the corporate secretary. In addition, while the Group has offices and other facilities around the world, the Debtor maintains an office in Bermuda, through which it conducts substantial business. The Debtor also has important contractual relationships governed by Bermuda law, including corporate services agreements and agreements with vendors and customers.

25. In addition to the Debtor's incorporation and maintenance of its registered office in Bermuda and its historical operations there, the Debtor's significant efforts to

implement the Scheme and broader Restructuring have been focused on activities in Bermuda. These activities include attending hearings in Bermuda to obtain approval of the Scheme.

26. For the reasons set forth in this declaration, I believe that the Verified Petition and the relief requested therein should be granted.

[*Remainder of Page Intentionally Left Blank*]

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing statements are true and correct to the best of my knowledge, information, and belief.

Dated: May 19, 2017

Maxime Bouthillette
Foreign Representative of the Debtor